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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

RAJYA SABHA

The following Bill was introduced in the Rajya Sabha on the 22nd July, 1971:—

Bill No. XXI of 1971

A Bill further to amend the Air Corporation Act, 1953

Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Air Corporations (Amendment) Act, 1971. Short title and commencement.

(2) The provisions of this Act, except clause (iii) of section 4 which shall be deemed to have come into force on the 19th day of May, 1971, shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

27 of 1953. 2. In the Air Corporations Act, 1953 (hereinafter referred to as the principal Act), in section 4,— Amendment of section

(i) for sub-section (1), the following sub-sections shall be substituted, namely:—

“(1) The general superintendence, direction and management of the affairs and business of each of the Corporations shall vest in a Board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(1A) The Board of directors shall consist of a Chairman to be appointed by the Central Government, and not less than eight and not more than fourteen other directors to be appointed by the Central Government and the Chairman or any other director may be required to render whole-time or part-time service as the Central Government may direct:

Provided that—

(a) the same person may be appointed to be the Chairman of both the Corporations or Chairman of one and director of the other;

(b) the same persons may be appointed to be directors of both the Corporations.”;

(ii) in sub-sections (2), (3) and (4), for the word “member” wherever it occurs, the word “director” shall be substituted;

(iii) in sub-section (5), for the words “General Manager”, the words “managing director” and for the word “member”, the word “director” shall be substituted.

Amend-
ment of
section 5.

3. In section 5 of the principal Act,—

(i) in sub-section (1), for the word “members”, the word “directors” and in the proviso thereto, for the word “member”, the word “director” shall be substituted;

(ii) in sub-section (2),—

(a) for the word “member”, in both the places where it occurs, the word “director” shall be substituted;

(b) for the words “such remuneration by way of allowances”, the words “such remuneration by way of salary, allowances” shall be substituted.

Amend-
ment of
section 7.

4. In section 7 of the principal Act, in sub-section (2),—

(i) after clause (i), the following clause shall be inserted, namely:—

“(ii) to make such grants as it thinks fit as contribution or donation, in furtherance of the interests of the Corporation, to any fund established for a benevolent or charitable purpose:

Provided that nothing in this clause shall be construed as empowering the Corporation to make any such grant to any political party or for any political purpose to any individual or body;”;

(ii) in clause (k), for the words “including provision of catering, rest-rooms”, the words “including provision of catering, hotels, restaurants, rest-rooms” shall be substituted;

(iii) before clause (l), the following clause shall be inserted, namely:—

“(kk) to form one or more companies under the Companies Act, 1956 to further the efficient performance of its duties and the exercise of its powers under this Act;

Provided that the paid up share capital of every company so formed shall be held exclusively by the Corporation;”.

5. In section 8 of the principal Act, for the words “General Manager”, wherever they occur, the words “managing director” shall be substituted.

Amend-
ment of
section 8.

6. In section 12 of the principal Act, in sub-section (2), for the words “current account”, the word “account” shall be substituted.

Amend-
ment of
section 12.

7. After section 15 of the principal Act and before Chapter IV, the following section shall be inserted, namely:—

Insertion
of new
section
15A.

1 of 1956.

“15A. (1) Notwithstanding anything contained in the Companies Act, 1956, the auditor of any company formed by either of the Corporations under clause (kk) of sub-section (2) of section 7 shall be appointed or re-appointed by the Corporation concerned on the advice of the Comptroller and Auditor General of India.

Audit of
accounts
of compa-
nies form-
ed by
Corpora-
tions.

1 of 1956.

(2) Save as otherwise provided in sub-section (1), in addition to the provisions contained in the Companies Act, 1956, relating to the audit of the accounts of any company, the following provisions shall apply to the audit of the accounts of any company referred to in sub-section (1), namely:—

(i) the Comptroller and Auditor General of India shall have power to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorise in this behalf; and for the purposes of such audit to require information to be furnished to any person or persons so authorised, on such matters, by such person or persons and in such form as the Comptroller and Auditor General may, by general or special order, direct;

(ii) the auditor appointed or re-appointed under sub-section (1) shall submit a copy of his audit report to the Comptroller and Auditor General of India who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit;

(iii) any such comments upon, or supplement to, the audit report shall be placed before the annual general meeting of the company at the same time and in the same manner as the audit report.”.

8. In section 35 of the principal Act,—

(i) in clause (a), for the words “fifteen lakhs”, the words “forty lakhs” shall be substituted;

Amend-
ment of
section 35.

(ii) in clause (b), for the words “five years”, the words “ten years” shall be substituted.

9. In section 40 of the principal Act, in sub-section (1), for the word “members”, the word “directors” shall be substituted.

Amend-
ment of
section 40.

10. In section 41 of the principal Act,—

(a) sub-section (1) shall be omitted; and

(b) the brackets and figure “(2)” shall be omitted.

Amend-
ment of
section 41.

Amend-
ment of
section 42.

11. In section 42 of the principal Act,—

(i) in sub-section (2), for the word “members”, the word “directors” shall be substituted;

(ii) in sub-section (3), for the word “members”, the word “directors” and for the word “member” the word “director” shall be substituted.

Amend-
ment of
section 44.

12. In section 44 of the principal Act, in sub-section (2),—

(i) in clause (a), for the words “General Managers”, the words “managing directors” shall be substituted;

(ii) in clause (f), the word “depreciation” shall be omitted.

Amend-
ment of
section 45.

13. In section 45 of the principal Act,—

(i) in sub-section (1), for the words “Each of the Corporations may, with the previous approval of the Central Government”, the words, brackets and figure “Subject to the provisions of sub-section (3), each of the Corporations may” shall be substituted;

(ii) in sub-section (2), in clause (b), for the words “General Manager”, the words “managing director” shall be substituted and after that sub-section, as so amended, the following sub-section shall be inserted, namely:—

“(3) No regulation under clause (b) of sub-section (2) shall be made except with the previous approval of the Central Government.”.

STATEMENT OF OBJECTS AND REASONS

Under sub-section (1) of section 4 of the Air Corporations Act, 1953 (27 of 1953), each of the Corporations established under that Act shall consist of not less than five but not more than nine members appointed by the Central Government. In the light of the experience gained, it is considered necessary to increase the maximum number of members from nine to fifteen and the minimum from five to nine and to vest the general superintendence; direction and management of the affairs and business of each of the Corporations in a Board of directors. In accordance with the recent decisions of the Government, on the recommendations of the Administrative Reforms Commission, it is also considered necessary to appoint functional directors on the Boards of the Corporations.

2. In furtherance of their activities in running international air-transport services, Air-India have found it necessary to establish and manage hotels, restaurants and charter companies. Section 7(2) (k) of the Act, as at present worded, does not permit this. To achieve this objective, it is proposed to amend the section suitably enabling the Corporations to establish and manage hotels, restaurants and charter companies also. It is also proposed to enable the Corporations to form companies under the Companies Act, 1956, to further the efficient performance of their duties and the exercise of their powers under the Act. It has been proposed that the accounts of the companies proposed to be formed by the Corporations should be subject to the audit of the Comptroller and Auditor General.

3. In the light of the recommendations of the Administrative Reforms Commission and of the Committee on Public Undertakings, it is proposed to empower the Corporations to incur capital expenditure without the previous approval of the Government up to rupees forty lakhs instead of rupees fifteen lakhs as at present. It is also proposed to increase the period for which each Corporation can enter into a lease of immovable property without the previous approval of the Central Government from five to ten years.

4. Sub-section (1) of section 41 of the Act empowers the Central Government in consultation with the Corporation concerned to appoint an Advisory Committee for the purpose of advising the Corporation in respect of such matters as may be referred to it by the Corporation or as may be prescribed. As experience has shown that the Advisory Committees set up under this provision serve no useful purpose, it is proposed to omit this provision.

5. Section 45 of the Act empowers each of the Corporations, with the prior approval of the Central Government, to make regulations with respect to the matters specified in that section. It is proposed to amend the section to do away with the need for prior approval of the Central Government for the making of regulations, other than those relating to the terms and conditions of service of the employees of the Corporations.

6. The Bill is mainly intended to achieve the above objects. Opportunity has also been taken to make certain other amendments in the Act, which are either minor or consequential in nature.

KARAN SINGH.

NEW DELHI;
The 11th June, 1971.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 12 of the Bill seeks to amend section 44 of the Act which confers power on the Central Government to make rules. Clause (a) of sub-section (2) of section 44 empowers the Central Government to make rules regarding the terms and conditions of service of the General Managers of the two Corporations. This clause is proposed to be amended so as to change the reference from 'General Managers' to 'managing directors'. This amendment is only consequential to the re-designation of 'General Manager' as 'managing director' by clause 2(iii) of the Bill. Under clause (f) of sub-section (2) of section 44, the Central Government has power to make rules regarding provision of depreciation, reserve and other funds. The power to make rules regarding provision of depreciation is proposed to be taken away by an amendment proposed to that clause.

2. Clause 13 of the Bill seeks to amend section 45 of the Act which empowers the Corporations to make regulations for the administration of the affairs of the Corporation and for carrying out their functions. The regulations under that section can be made by the Corporations only with the previous approval of the Central Government. The matters with respect to which regulations may be made are enumerated in sub-section (2) of section 45. By the amendment proposed to that section, the necessity for obtaining the previous approval of the Central Government before making regulations with respect to the matters enumerated in sub-section (2) is proposed to be taken away. However, with respect to regulations relating to the terms and conditions of service of officers and other employees of the Corporation, the previous approval of the Central Government is necessary.

3. The terms and conditions of service of officers and other employees of the Corporations, including managing directors, are matters of detail. The matters with respect to which regulations may be made by the Corporations are also matters of detail.

4. The delegation of legislative power is of a normal character.

B. N. BANERJEE,
Secretary.

